

## Appendix C

### Additional Sensitivity Analysis

Extreme Parameter Values Leading to Low Estimates  
of the Percentage of Additional SFAS 106 Costs  
to be Met from Other Sources

#### Additional SFAS 106 Costs of Average Employer with SFAS 106 Liabilities

Labor Supply Elasticity	<----- 2% ----->			<----- 3% ----->			<----- 5% ----->		
	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)
0.0	0.9	12.0	<u>87.1</u>	2.0	17.5	<u>80.5</u>	5.4	27.5	<u>67.1</u>
0.1	3.9	10.0	<u>86.1</u>	6.4	14.6	<u>79.0</u>	12.5	22.8	<u>64.7</u>
0.2	6.7	8.1	<u>85.2</u>	10.6	11.8	<u>77.6</u>	19.4	18.3	<u>62.3</u>
0.3	9.4	6.4	<u>84.2</u>	14.6	9.1	<u>76.3</u>	26.0	13.9	<u>60.1</u>

(a) reflected in GNP-PI

(b) financed by potential reduction in the wage

(c) to be met from other sources

price elasticity of demand = 3.0

share of labor costs in total cost in sector 1 = 0.78

share of labor costs in total cost in sector 2 = 0.78

initial fraction of labor employed in sector 2 = 0.4

NYASZ#167 (KTLD350)



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Tariffs and Costs

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708/248-3340  
708/248-2180 (FAX)

April 2, 1993

Transmittal No. 702

Secretary  
Federal Communications Commission  
1919 M. Street, N.W.  
Washington, D.C. 20554

**Attention: Common Carrier Bureau**

The accompanying tariff material, issued on behalf of the Ameritech Operating Companies and bearing Tariff F.C.C. No. 2, Access Service, is sent to you for filing in compliance with the requirements of the Communications Act of 1934, as amended. This material, scheduled to become effective July 1, 1993, consists of revised tariff pages as indicated on the following revised check sheets.

**Tariff F.C.C. No.**

2

**Check Sheet Nos.**

646th Revised Page 1  
140th Revised Page 1.1  
162nd Revised Page 1.3  
27th Revised Page 1.9

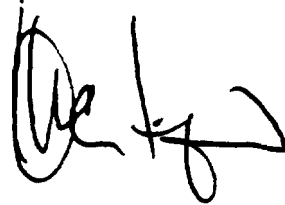
Pursuant to Sections 61.43 and 69.3(a) of the Commission's Rules, the Ameritech Operating Companies (AOCs) are filing this annual price cap tariff filing which makes the appropriate adjustments to the Price Cap Index (PCI), Actual Price Index (API) and Service Band Index (SBI) values.

Also in this filing the AOCs are making appropriate adjustments to the Price Cap Index of each interstate service basket to reflect the incremental retiree Transitional Benefit Obligation (TBO) expenses associated with the adoption of the Statement of Financial Accounting Standards (SFAS) No. 106, "Employers Accounting for Post Retirement Benefits other than Pensions" (OPEBs).

Support material pursuant to Section 61.49 of the Federal Communications Commission's Rules and Regulations is submitted herewith.

This required filing fee, check number 70066 for \$490.00, the original copy of this letter and F.C.C. Form 155 were sent to the Mellon Bank in Pittsburgh, PA, via Federal Express on April 1, 1993. All correspondence and inquiries concerning this filing should be addressed to me at the above address.

Very truly yours,

A handwritten signature in black ink, appearing to be "D. F. J.", written in a cursive style.

**Attachments:**

**Tariff Pages  
Documentation**

**Copy of Letter and Attachments concurrently delivered to:**

**Chief Tariff Review Branch (Public Reference Copy)  
International Transcription Services, Inc.**

**ACCESS SERVICE  
CHECK SHEET**

Title pages 1 and 2 and Pages 1 to 651 inclusive of this tariff are effective as of the date shown. Original and revised Pages as named below and Supplement Nos. 1, 5, 6, 11, 12, 13, 14, 19, 21, 23, 26, 27, 28, 29, 31, 32, 33, 34, 35, 36, 38, 41, 42, 43, 46, 48, 49, 50, 51, 55, 56, 57, 58, 59, 62, 64, 66, 69, 70, 71, 72, 74, 79, 83, 85, 86, 88, 90, 92, 93, 94, 96, 98, 99, 100, 101, 103, 106, 108, 116, 117, 121, 133, 134, 136, 137, 140, 144, 153, 160, 162, 164, 165, 167, 170, 179, 183, 184, 190, 191, 194, 195, 196, 197, 199, 200, 201, 203, 204, 206 and 209 contain all changes from the original tariff that are in effect on the date hereof.

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Title 1	2nd	11	3rd	28.1	Original
Title 2	4th	12	3rd	34	2nd
1	646th*	13	4th	34.1	Original
1.1	140th*	13.1	3rd	35	2nd
1.2	137th	13.2	2nd	36	4th
1.3	162nd*	13.3	Original	36.1	3rd
1.4	144th	15	10th	37	10th
1.5	114th	15.1	7th	37.1	3rd
1.6	77th	15.2	Original	37.2	4th
1.7	65th	16	12th	37.3	1st
1.8	48th	16.1	5th	38	8th
1.9	27th*	16.2	4th	38.1	5th
1.10	20th	16.3	1st	38.2	Original
1.11	1st	16.4	1st	39	4th
2	3rd	16.5	Original	39.1	6th
3	6th	16.6	Original	39.2	Original
3.1	3rd	16.7	2nd	40	1st
4	6th	17	1st	41	2nd
4.1	4th	18	5th	42	3rd
5	7th	19	16th	42.1	1st
5.1	7th	19.1	10th	43	1st
6	3rd	19.2	6th	44	6th
6.1	1st	19.3	6th	45	6th
7	6th	20	5th	45.1	1st
7.1	Original	20.1	4th	46	7th
8	6th	21	3rd	47	5th
8.1	1st	23	3rd	47.1	Original
9	9th	24	1st		
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\* New or revised Page

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## AMERITECH OPERATING COMPANIES

TARIFF F.C.C.NO. 2  
140th Revised Page 1.1  
Cancels 139th Revised Page 1.1

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50	5th	70.3	2nd	85.1	2nd
50.1	Original	70.4	3rd	86	1st
51	1st	70.5	Original	87	2nd
53	6th	70.6	Original	88	5th
53.1	5th	70.7	Original	89	1st
53.2	5th	70.8	Original	89.1	7th
53.3	4th	70.9	Original	89.2	6th
54	8th	70.10	Original	90	7th
54.1	10th	70.11	Original	90.1	3rd
54.2	Original	70.12	Original	91	1st
55	1st	70.13	1st	93	3rd
56	6th	70.14	Original	94	4th
56.1	Original	70.15	Original	96	1st
56.2	Original	70.16	Original	97	3rd
56.3	Original	70.17	Original	98	10th
57	4th	70.18	Original	99	4th
58	1st	70.19	Original	99.1	Original
59	9th	70.20	Original	104	3rd
59.1	7th	70.21	Original	107	1st
59.2	2nd	70.22	Original	109	1st
59.3	1st	70.23	Original	110	3rd
60	8th	70.24	26th*	110.1	4th
61	6th	70.25	18th	111	8th
61.1	1st	72	1st	111.1	2nd
62	3rd	75	2nd	111.1.1	2nd
63	6th	76	16th*	111.1.2	3rd
64	5th	77	15th*	111.1.3	2nd
64.1	6th	78	14th*	112	7th
65	4th	79	15th*	112.1	4th
65.1	2nd	80	15th*	112.1.1	2nd
66	6th	80.1	2nd	112.1.2	2nd
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67	15th	81.1	3rd	113	12th
67.1	1st	82	4th		
68	14th	82.1	Original		
68.1	11th	83	6th		
69	5th	83.1	1st		
69.1	Original	84	10th		

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**AMERITECH OPERATING COMPANIES**

**TARIFF F.C.C. NO. 2**  
**162nd Revised Page 1.3**  
**Cancels 161st Revised Page 1.3**

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181	9th	216.2	2nd	237.1	3rd
182	6th	217	6th	237.2	1st
183	6th	218	8th	237.3	3rd
184	4th	219	8th	238	4th
185	4th	220	4th	239	2nd
186	4th	220.1	4th	240	3rd
187	3rd	220.2	6th	241	3rd
188	1st	220.3	7th	242	11th
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190	4th	220.5	5th	244	14th
191	2nd	221	13th	244.1	3rd
192	1st	221.1	1st	245	3rd
193	4th	222	2nd	246	3rd
194	4th	223	8th	247	7th
195	4th	224	2nd	247.1	1st
196	4th	224.1	1st	248	6th
197	5th	225	15th	249	3rd
198	3rd	225.1	3rd*	250	3rd
198.1	2nd	225.2	3rd*	251	3rd
199	4th	226	10th	252	5th
199.1	1st	227	10th	253	6th
200	8th	228	8th	254	2nd
200.1	2nd	229	8th	255	4th
201	3rd	230	6th	255.1	1st
202	5th	230.1	12th	256	4th
203	3rd	230.2	9th	256.1	Original
204	4th	230.3	8th	257	2nd
205	3rd	230.4	8th	258	2nd
206	2nd	230.5	8th	259	1st
207	23rd	230.6	4th	260	2nd
208	12th	231	28th*	261	3rd
209	11th	231.1	5th	261.1	Original
210	10th	232	10th		
211	9th	233	4th		
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213	15th	234	5th		
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454.15.1	Original	470	28th	497.5	Original
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454.18	2nd	471.2	3rd	499.1	3rd
454.19	1st	471.3	4th	499.2	3rd
454.20	1st	471.4	3rd	499.2.1	2nd
454.21	2nd	472	1st	499.3	2nd
454.22	1st	473	2nd	499.3.1	2nd
454.23	1st	476	1st	499.4	3rd
454.24	9th	477	4th	499.5	4th
454.24.1	11th	477.1	1st	499.6	1st
454.24.2	8th	477.2	1st	499.7	1st
454.24.2.1	Original	477.3	Original	499.8	Original
454.24.3	2nd	477.4	Original	500	6th
454.24.4	2nd	478	4th	500.1	4th
454.24.5	4th	479	2nd	500.2	2nd
454.24.5.1	Original	480	3rd	500.3	2nd
454.25	4th	481	3rd	500.4	2nd
454.25.1	1st	481.1	1st	500.5	2nd
454.26	Original	481.2	1st	500.6	2nd
454.27	3rd	482	3rd	501	1st
454.28	9th	483	1st	501.1	2nd
454.28.1	11th	484	2nd	501.1.1	1st
454.28.1.1	1st	485	1st	501.1.2	1st
454.28.2	9th	486	3rd	501.1.3	1st
454.28.3	3rd	487	1st	501.1.4	1st
454.28.3.1	Original	488	2nd	501.1.5	2nd
454.29	10th	489	2nd	501.2	2nd
455	1st	490	3rd	501.2.1	1st
456	1st	491	1st	501.3	2nd
459	1st	492	2nd	501.3.1	1st
460	2nd	493	1st	501.3.2	1st
461	3rd	494	3rd	501.3.3	1st
462	4th	495	1st	501.4	2nd
463	6th	496	3rd	501.5	2nd
464	3rd	497	1st	506	1st
465	1st	497.1	Original		
466	1st	497.2	1st		
467	23rd*	497.2.1	1st		
468	9th	497.3	Original		
469	2nd	497.4	Original		

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**ACCESS SERVICE**

**3. Carrier Common Line Access Service (Cont'd)**

**3.9 Rates and Charges**

**All States**

**Premium Rates**

**Rate**

- |                                 |           |
|---------------------------------|-----------|
| - Terminating Per Access Minute | .005974 R |
| - Originating Per Access Minute | .005974 R |

**Non Premium Rates**

- |                                 |           |
|---------------------------------|-----------|
| - Terminating Per Access Minute | .002688 R |
| - Originating Per Access Minute | .002688 R |

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## ACCESS SERVICE

## 4. End User Access Service and Presubscription (Cont'd)

## 4.1 End User Access Service (Cont'd)

## 4.1.7 Rates and Charges

The rates for End User Access are:

State of Illinois	USOC	Rate Per Month
(A) End User Common Line (EUCL) Residence Subscriber - Individual line or trunk, each	9ZR	\$3.47
(B) End User Common Line (EUCL) Single Line Business Subscriber - Individual line or trunk, each	9ZR	\$3.47
(C) End User Common Line (EUCL) Multiline Business Subscribers - Individual line or trunk, each	9ZR	\$3.47
(D) End User Common Line (EUCL) Centrex CO and CO-Like (Installed or on Order Prior to July 28, 1983) - Individual line or trunk, each	9ZR	\$3.47

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**ACCESS SERVICE****4. End User Access Service and Presubscription (Cont'd)****4.1 End User Access Service (Cont'd)****4.1.7 Rates and Charges**

The rates for End User Access are:

**State of Indiana**

	<b>USOC</b>	<b>Rate Per Month</b>
<b>(A) End User Common Line (EUCL)</b> Residence Subscriber - Individual line or trunk, each	9LM	\$3.50
<b>(B) End User Common Line (EUCL)</b> Single Line Business Subscriber - Individual line or trunk, each	9LM	\$3.50
<b>(C) End User Common Line (EUCL)</b> Multiline Business Subscribers - Individual line or trunk, each	9ZR	\$4.64 R
<b>(D) End User Common Line (EUCL)</b> Centrex CO and CO-Like (Installed or on Order Prior to July 28, 1983) - Individual line or trunk, each	9ZR	\$4.64 R

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**ACCESS SERVICE****4. End User Access Service and Presubscription (Cont'd)****4.1 End User Access Service (Cont'd)****4.1.7 Rates and Charges**

The rates for End User Access are:

**State of Michigan**

	<b>USOC</b>	<b>Rate Per Month</b>
<b>(A) End User Common Line (EUCL)</b> Residence Subscriber - Individual line or trunk, each	9LM	\$3.50
<b>(B) End User Common Line (EUCL)</b> Single Line Business Subscriber - Individual line or trunk, each	9LM	\$3.50
<b>(C) End User Common Line (EUCL)</b> Multiline Business Subscribers - Individual line or trunk, each	9ZR	\$4.63 I
<b>(D) End User Common Line (EUCL)</b> Centrex CO and CO-Like (Installed or on Order Prior to July 28, 1983) - Individual line or trunk, each	9ZR	\$4.63 I

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**ACCESS SERVICE****4. End User Access Service and Presubscription (Cont'd)****4.1 End User Access Service (Cont'd)****4.1.7 Rates and Charges**

The rates for End User Access are:

**State of Ohio**

	<b>USOC</b>	<b>Rate Per Month</b>
(A) <b>End User Common Line (EUCL)</b> Residence Subscriber - Individual line or trunk, each	9ZR	\$3.50
(B) <b>End User Common Line (EUCL)</b> Single Line Business Subscriber - Individual line or trunk, each	9ZR	\$3.50
(C) <b>End User Common Line (EUCL)</b> Multiline Business Subscribers - Individual line or trunk, each	9ZR	\$4.35 I
(D) <b>End User Common Line (EUCL)</b> Centrex CO and CO-Like (Installed or on Order Prior to July 28, 1983) - Individual line or trunk, each	9ZR	\$4.35 I

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## ACCESS SERVICE

## 4. End User Access Service and Presubscription (Cont'd)

## 4.1 End User Access Service (Cont'd)

## 4.1.7 Rates and Charges

The rates for End User Access are:

## State of Wisconsin

	USOC	Rate Per Month
(A) End User Common Line (EUCL) Residence Subscriber - Individual line or trunk, each	9LP	\$3.50
(B) End User Common Line (EUCL) Single Line Business Subscriber - Individual line or trunk, each	9LP	\$3.50
(C) End User Common Line (EUCL) Multiline Business Subscribers - Individual line or trunk, each	9ZR	\$4.31 I
(D) End User Common Line (EUCL) Centrex CO and CO-Like (Installed or on Order Prior to July 28, 1983) - Individual line or trunk, each	9ZR	\$4.31 I

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**ACCESS SERVICE****6. Switched Access Service (Cont'd)****6.9 Rates and Charges (Cont'd)****6.9.2 End Office****(A) Unbundled Local Switching****Rates Per Access Minute****All States****Premium Rates**Circuit Switched Line (FGA) and  
Circuit Switched Trunk (FGB)  
LS1 - Per Access Minute \*

\$ .008521 I

Circuit Switched Trunk (FGC, FGD)  
LS2 - Per Access Minute\*

.008521

**Transitional Rates**Circuit Switched Line (FGA) and  
Circuit Switched Trunk (FGB)

- Per Access Minute

\$ .003834

**(B) Bundled Local Switching****Rates per Access Minute****All States****Premium Rates**LS1 - Per Access Minute  
LS2 - Per Access Minute

\$ .009270 I

.009270

**Transitional Rates**

- Per Access Minute

\$ .004172

y Material effective May 1, 1993 under Transmittal No. 698.

\* Rates apply as described in Section 6.1.3(B) preceding.

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## ACCESS SERVICE

## 6. Switched Access Service (Cont'd)

## 6.9 Rates and Charges (Cont'd)

Sy

## 6.9.3 Nonrecurring Charges

Sy

## (A) Installation and Rearrangement Charges

	Administrative Charge Per Order	Design and Central Office Connection Charge Per Line of Trunk	Customer Connection Charge Per Line or Trunk
<b>All States</b>			
<b>Trunk Side</b>			
- New Installations	\$50.00	\$165.00 R	\$15.00
- Rearrangement Charges	\$50.00	\$165.00 R	
- Rearrangement Charge Exceptions			
- Translations Only Rearrangements			
- Serving Class Routing	\$50.00		
- Per Trunk Group per End Office and/or Tandem		\$70.00	
- CIC Code Level/ Alternate Trouting	\$50.00		
- Per Trunk Group per End Office and/or Tandem		\$35.00	
- Software Translations Trunk Rearrangements	\$50.00		
- Per Trunk per End Office and/or Tandem		\$10.00	

y Material effective May 1, 1993 under Transmittal No. 698.

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## ACCESS SERVICE

## 6. Switched Access Service (Cont'd)

## 6.9 Rates and Charges (Cont'd)

Sy

## 6.9.3. Nonrecurring Charges (Cont'd)

Sy

## (A) Installation and Rearrangement Charges (Cont'd)

	Administrative Charge Per Order	Design and Central Office Connection Charge Per Trunk or Trunk Group	Customer Connection Charge Per Trunk or Trunk Group
<b>All States</b>			
Trunk Side			
- Rearrangement Charge Exceptions (Cont'd)			
- 64 Clear Channel Capability Option Rearrangements			
- Per Trunk	\$50.00	\$165.00 R	\$15.00
- Transport Termination Optional Feature Rearrangements			
- Per Trunk	\$50.00	\$165.00 R	\$15.00
- Records Only for Changes to:			
- Billing Account Number			
- Circuit ID Number			
- Test Line Number			
- Customer of Record			
- Tandem to Direct End Office Rerouting or End Office to Tandem Rerouting*			
- Per Order	\$50.00		

y Material effective May 1, 1993 under Transmittal No. 698.

\* The Telephone Company must receive the orders for the Tandem to Direct  
End Office Rerouting or End Office to Tandem Rerouting Rearrangement  
by May 11, 1995

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## ACCESS SERVICE

## 6. Switched Access Service (Cont'd)

## 6.9 Rates and Charges (Cont'd)

Sy

## 6.9.5 Message Unit Credit

Sy

Per Originating  
Access Minute

State of Illinois	\$(.008521)*	R
State of Indiana	(.000196)	I
State of Michigan	(.008521)	R
State of Ohio	(.008521)	R
State of Wisconsin	(.008521)	R

## 6.9.6 Equal Access Recovery Charge

USOC

Rates

Sy

Per Trunk

All States

NCY

\$ 0.0

## 6.9.7 Information Surcharge

Sy

All States

Premium Rate

Per Access Minute

.000425

Transitional Rate

Per Access Minute

.000191

\* ( ) equals a negative amount.

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## ACCESS SERVICE

## 9. Directory Assistance Service (Cont'd)

## 9.4 Payment Arrangement (Cont'd)

## 9.4.8 Credit Allowance for DA Service (Cont'd)

## (C) (Cont'd)

## Unbundled All States

- |  |              |
|--|--------------|
| (1) Credit per call when Switched Access Service is billed using Transitional per minute rates                     | \$(.008429)* |
| (2) Credit per call when Feature Group A and/or B Switched Access Service is billed using Premium per minute rates | (.015587)    |
| (3) Credit per call when Feature Group C and/or D Switched Access Service is billed using Premium per minute rates | (.015587)    |

## Bundled All States

- |  |             |
|--|-------------|
| (1) Credit per call when Switched Access Service is billed using Transitional per minute rates                     | \$(.008625) |
| (2) Credit per call when Feature Group A and/or B Switched Access Service is billed using Premium per minute rates | (.016022)   |
| (3) Credit per call when Feature Group C and/or D Switched Access Service is billed using Premium per minute rates | (.016022)   |

\* ( ) equals a negative amount.

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Effective: July 1, 1993

**AMERITECH OPERATING COMPANIES  
TARIFF F.C.C. NO. 2  
ACCESS SERVICE**

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## DESCRIPTION AND JUSTIFICATION

### 1. Introduction and Description of Tariff Filing

This filing is made in compliance with Sections 61.43 and 69.3(a) of the Commission's Rules, which require an annual price cap tariff filing that makes appropriate adjustments to the Price Cap Index (PCI), Actual Price Index (API) and Service Band Index (SBI) values pursuant to Sections 61.44 through 61.47 to be filed on a minimum of ninety (90) days' notice to be effective July 1, 1993.

In this filing the Ameritech Operating Companies (AOCs) have adjusted the PCIs for each basket, to reflect a Gross National Product - Price Index (GNPPI)<sup>1</sup> of 3.0176, a productivity factor of 3.3 for the Common Line, Traffic Sensitive and Special Access Baskets, and a productivity factor of 3.0 for the Interexchange basket, and other relevant exogenous changes. The AOCs will demonstrate that for each basket, the APIs, based on proposed rates in this filing, do not exceed the relevant PCIs and that all SBIs are within the applicable boundaries for each service band and subband.

Changes to rates in the Common Line basket are due to the changes in the Common Line PCI. The calculation of the Common Line PCI includes reduced Support Payment obligations. Two rate changes are proposed in the Traffic Sensitive basket in this filing. The net effect of these changes on this filing is an overall annual reduction of \$70.3 million. No Special Access or Interexchange rate changes are proposed in this filing. The Special Access and the Interexchange baskets' current indices meet the Price Cap requirements.

Several Part 69 Waivers granted by the Commission remain in effect for the proposed rates. Specifically:

1. Message Unit Credits (MUCs) are calculated on a study area basis, rather than an exchange-by-exchange basis as stipulated in Section 69.106.<sup>2</sup>

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<sup>1</sup> The 75-day estimate of the Gross National Product - Price Index (GNPPI) for the fourth quarter of 1992 was used in this filing.

<sup>2</sup> Memorandum Opinion and Order, In the Matter of Annual 1989 Access Tariff Filings, Petitions for Waiver and Petition for Reconsideration, DA 88-182 (released December 2, 1988), at para 5.

2. The Special Access Surcharge continues at a level of \$25.00.<sup>3</sup> This waiver affects rates of the Common Line basket.
3. A separate Information Surcharge rate element will also continue.<sup>4</sup> This element is included in the Information service band of the Traffic Sensitive basket.
4. Separate rate elements continue for 900 Access Service.<sup>5</sup> These elements are included in the Local Switching service band of the Traffic Sensitive basket.
5. Separate rate elements continue for Operator Transfer Service (OTS).<sup>6</sup> These elements are included in the Local Transport service band of the Traffic Sensitive basket.
6. Rate elements were established for Signal Transfer Point/Line Information Database (STP/LIDB) Service.<sup>7</sup> These elements are included in the Local Transport service band of the Traffic Sensitive basket.
7. Rate elements were established for Ameritech Directory Search (ADS) (formerly Electronic Directory Search) <sup>8</sup> These elements are included in the Information service band of the Traffic Sensitive basket.
8. Separate rate elements continue for Public Switched Digital Service (PSDS).<sup>9</sup> These elements are included in the Local Switching service band of the Traffic Sensitive basket.

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<sup>3</sup> Id., at para. 5.

<sup>4</sup> Id., at para. 6.

<sup>5</sup> *Order, in the Matter of Ameritech Operating Companies' Revisions to Tariff F.C.C. No. 2, Petition for Expedited Waiver of Section 69.4(b) and Subparts B and C of Part 69 of the Commission's Rules* (released July 2, 1987).

<sup>6</sup> *Memorandum Opinion and Order, in the Matter of Ameritech Operating Companies' Petition for Waiver of Part 69 of the Commission's Rules regarding Operator Transfer Services*, (released March 5, 1991).

<sup>7</sup> *Memorandum Opinion and Order, in the Matter of Ameritech Operating Companies Tariff F.C.C. No. 2, Petition for Waiver of Part 69 of the Commission's Rules* (released December 30, 1991).

<sup>8</sup> *Order, in the Matter of Ameritech Operating Companies Tariff F.C.C. No. 2, regarding Ameritech Directory Search*. (released February 12, 1992.)

<sup>9</sup> *Order, in the Matter of Ameritech Operating Companies' Tariff FCC No. 2, Petition for Expedited Waiver Concerning the Recovery of the Costs of Public Switched Digital Services* (released October 22, 1987).

A number of new services are being incorporated into the actual price indices for the first time in this filing. Exhibit 1 lists these services.

Section 2 of this material describes the exogenous changes that were used to calculate the PCIs. The exogenous changes included in this filing are: Base Allocation Factor (BAF), Central Office Equipment Category 3 Allocator (DEM), Excess Deferred Taxes (EDT), Investment Tax Credit (ITC), Reserve Deficiency Amortization (RDA), Inside Wire Amortization (IW), Long Term and Transitional Support Payments, Sharing, SFAS 106 Incremental Retiree Transitional Benefits Obligation (TBO) expenses and Imputation of Access Charges. These exogenous changes result in a decrease of \$59.2 million based on calendar year 1992 demand, which is reflected in the PCI calculation. Included in this is the exogenous change for the Interexchange basket based on a flow through of changes in access service rates times base period demand which represents a \$1.8 million decrease.

Section 3 describes the calculation of the PCIs for the four baskets, the computation of the APIs and the SBIs for individual service categories affected by this filing, and the calculation of the upper and lower limits of the SBIs for all individual service categories.

Section 4 describes how the AOCs developed base period demand using historical data for January 1992 through December 1992. Prospective demand was developed for end user access lines.

Section 5 describes how the rates proposed in this filing were developed. End User Common Line rate adjustments reflect changes in the number of end user access lines, as well as revenue requirement changes. Carrier Common Line rate adjustments reflect the new Common Line PCI. Changes to the Design and Central Office nonrecurring rate, and the LS1 rate are proposed in the Traffic Sensitive basket in this filing. No Special Access or Interexchange rate changes are proposed in this filing. A comparison of base period demand times current and proposed rates is provided on form RTE-1 of the Tariff Review Plan (TRP). Exhibit 18 contains the TRP.

The Tariff Review Plan (TRP) data for the AOCs are filed as required by the TRP Order.<sup>10</sup> The TRP displays tariff support information in a manner that will aid the Commission in its

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<sup>10</sup> Order, In the Matter of Commission Requirements for Cost Support to be filed with 1993 Annual Access Tariffs, (released February 18, 1993).

review process. Sections of the TRP, which are not consistent with the AOCs' tariff structures, or where the requested information is not available or requires further explanation, have been footnoted.

## **2. Exogenous Changes**

The respective PCI for each basket was adjusted by exogenous cost changes as prescribed in various Commission Price Cap Orders (CC Docket 87-313). The exogenous changes included in this filing are: Base Allocation Factor (BAF), Central Office Equipment Category 3 Allocator (DEM), Excess Deferred Taxes (EDT), Investment Tax Credit (ITC), Reserve Deficiency Amortization (RDA), Inside Wire Amortization (IW), Long Term and Transitional Support Payments, Sharing, and the Imputation of Access Charges.

Also included in this filing is a request for exogenous treatment for the incremental retiree portion of the TBO related to the AOCs' adoption of Statement of Financial Accounting Standards No. 106 (SFAS 106), Employers Accounting for Post-Retirement Benefits Other than Pensions (OPEBs).

Ameritech is not including an exogenous change to show the impact of reallocating investment from regulated to nonregulated use during 1992. Although there was a reallocation of approximately \$40,000 of total company investment during 1992, the impact of this change on an interstate basis is insignificant and does not affect the level of PCIs or rates.<sup>11</sup>

### **2.1 Base Allocation Factor (BAF)**

The BAF impact was calculated by comparing 1992/1993 BAFs to tariff year 1993/1994 BAFs, using base period data at a rate of return of 11.25 percent, and calculating revenue requirements for each tariff year. The difference between the two time periods' revenue requirements was due to the change in study area BAFs. The following displays 1992/1993 BAFs compared to 1993/1994, by study area:

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<sup>11</sup> Memorandum Opinion and Order Suspending Rates and Designating Issues For Investigation, CC Docket No. 92-141, (Released June 22, 1992), Section I., para 45.



### INTERSTATE BASE ALLOCATION FACTORS

	1992/1993	1993/1994
Illinois	.251259	.250000
Indiana	.249094	.250000
Michigan	.245154	.250000
Ohio	.246698	.250000
Wisconsin	.248133	.250000

### 2.2 Central Office Equipment Category 3 Allocator (DEM)

The DEM exogenous change is calculated using the same procedure that was used to calculate the BAF change. In computing the DEM change, base period data incorporating the 1992/1993 DEM factors are compared to base period data using the 1993/1994 tariff year DEM factors. Differences between the two scenarios' revenue requirements reflect the change in DEM allocators. The following displays 1992/1993 DEMs compared to 1993/1994 DEMs, by study area:

### INTERSTATE DEM ALLOCATION FACTORS

	1992/1993	1993/1994
Illinois	.140798	.137376
Indiana	.142614	.140272
Michigan	.100251	.098109
Ohio	.129783	.128213
Wisconsin	.141906	.140089

### 2.3 Excess Deferred Taxes (EDT) and Investment Tax Credit (ITC)

The Commission's *Order on Reconsideration*, released April 17, 1991, granted LECs' requests for exogenous changes associated with the Tax Reform Act of 1986.<sup>12</sup> The exogenous changes represent the change in the level of the flow through of excess

<sup>12</sup> *Order on Reconsideration*, CC Docket No. 87-313, FCC 91-115 (released April 17, 1991), in the Matter of Policy and Rules Concerning Rates for Dominant Carriers, at paragraph 72.